

# FLAGSTAFF COMMUNITY HOUSING POLICY TASK FORCE

## FINAL REPORT

DECEMBER 5, 2005

## BACKGROUND

The Community Housing Policy Task Force was authorized by Resolution 2004-97, which was adopted by the Flagstaff City Council on December 21, 2004. The nineteen members were comprised of individuals involved with housing, major employers, at large community representatives and four Community Development staff members. The purpose of the Task Force was to review all relevant City of Flagstaff (City) policies, standards and regulations related to land use, development standards and processes and recommend changes to the Council that result in increasing the supply of affordable housing for all segments of the community. The committee was to provide the recommendations to the Planning and Zoning Commission to seek their review and comment prior to presentation to the City Council. (See Appendix A for Resolution 2004-97.)

On February 15, 2005, the Council appointed the members to the Task Force (see Appendix B) and the first Task Force meeting was held on April 7, 2005. The thirteen meetings of the Task Force can be divided into three phases: Organization and Overview (April-May); Identification of Specific Strategies (June-August); Consensus and Recommendations (September-December).

### Organization and Overview

During the six meetings in April and May, the Task Force organized itself, and adopted a mission statement: ***To make progressive and practical recommendations to the City Council to improve, streamline and facilitate the development of policies, procedures and regulation in order to maximize the ability for the working population to live in Flagstaff.***

In addition, the Task Force received brief overviews of the Land Development Code, the Regional Plan, and the Community Land Trust Program. Members analyzed the components of the cost of housing, heard reports on the current market, projected developments and available land, and did a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of housing in Flagstaff. The SWOT analysis was used to identify four smaller working groups: Land Supply, Engineering Standards, Zoning, and Finance/Bonding.

### Identification of Specific Strategies

Each of the four subcommittees met separately during this timeframe to identify strategies that would achieve the Mission Statement. At monthly meetings the Task Force reviewed the recommendations from each sub-committee. It was determined that a timeframe should be associated with each recommendation as to whether, in the mind of the sub-committee, it could be implemented **immediately** (within two years), implemented within the **short term** (within two to five years) or implemented within the **long term** (over five years). In consideration of the timeframe for bringing recommendations to the Council, it was determined to concentrate on the immediate strategies identified by the sub-committees and accepted by the Task Force. During this time, the Engineering Standards and Zoning (also called Land Development Code)

subcommittees merged.

### **Consensus and Recommendations/Report**

The City brought in a facilitator to help the Task Force build consensus through critically evaluating the thirty-nine recommendations it had made “for immediate implementation”. In addition, the facilitator helped the Task Force with a policy statement about the beneficiaries of the housing created through these recommendations. Task Force members collaborated to prepare the report.

### **Reports**

As described above, this report reflects the first set of recommendations from the Task Force. Considering the enormity and complexity of the task and the numerous suggestions that came forward, the Task Force felt it was premature to go to the Planning and Zoning Commission or City Council until it could actually make official recommendations. No quarterly reports were made in order to avoid presenting incomplete or misleading information that could detract from the mission of the Task Force. It was understood that the Council was being informed of the activity of the Task Force through City staff, Council members in attendance, and through the minutes of the Task Force. In addition, it is recommended the City Council expand the tenure of the Housing Policy Task Force to meet once in the Fall of 2006 to assess the progress of these recommendations.

### **Definitions**

1. Area Median Income – Area Median Income is a number set by the United States Department of Housing and Urban Development based on a variety of factors and representing wages and earnings in the community. Area Median Income is relative to family size and community dynamics.
2. Workforce Housing – Workforce housing, as targeted by the policy recommendations being advocated by the Community Housing Policy Task Force, is housing that is affordable to residents, or potential residents, who earn up to 150% of the Area Median Income for their family size, when they are spending no more than 35% of their gross income on housing.

## **RECOMMENDATIONS**

The Task Force recommends that **policies and incentives be tied to owner occupancy, or rental units inhabited by full time community residents with, wherever possible, permanent affordability ensured by a legally sound mechanism.**

To identify specific initiatives for increasing the supply of workforce housing, members of the Task Force divided themselves into four subcommittees. The subcommittees met over several months, during which they brainstormed recommendations particular to their topic, assessed their potential implications, viability and appropriateness, and

reported their findings back to the group as a whole. Originally, the criterion the Task Force used to sort the recommendations was that of time, whether the initiative could be implemented within two years, or would take longer. The Task Force determined that the recommendations, which follow, could be put into place within this shorter time frame. The set of criteria the group used to evaluate the recommendations included: impact on the number of affordable units, feasibility of implementation, availability of financial and other resources, and community support. The recommendations were measured against these criteria to help identify potential challenges. (See Appendix C.)

It became clear that the greatest challenge to implementing the recommendations could be in the area of public education. Most recommendations have the potential for significant impact and could be implemented on a policy/administrative basis with little trouble, but the Task Force believes public reaction produces the greatest prospect for roadblocks against achieving success. An overall recommendation, then, is that the City recognize this need and **implement a public education process without delay.**

The consensus reached by the Housing Task Force, in terms of the Land Development Code and engineering standards focused mainly on specific recommendations with intentionally few detailed numerical specifics to allow for additional research and discussion. The initial subcommittee recommendations did include specific details that are included in this report as Appendix D

### **Land Supply**

The Task Force recognized that developable land in Flagstaff has become scarce. Rapidly increasing land costs have severely impacted the affordability of existing homes and the projected cost of new housing under development. Recommendations in this section are intended to increase the supply of or access to land for workforce housing.

**City-owned and other publicly-owned land** – The City owns several pieces of undeveloped land that could be used for workforce housing. The Flagstaff Unified School District, Coconino County, and Northern Arizona University are examples of other public entities that own vacant parcels of land. It is recommended that a survey of such vacant parcels should be made to:

- Identify City-owned parcels for immediate development of workforce housing;
- Explore use of other publicly owned land for workforce housing and mixed use projects.

**Neighborhood Planning** – The City has begun to do neighborhood planning in several sections of the City. Recognizing the limits of staff time and resources, it is recommended that neighborhood based planning take place throughout the City. It is recommended that this process should:

- Identify infill and redevelopment sites;
- Identify underutilized sites throughout the City;
- Develop incentives for redevelopment;
- Encourage placement of workforce housing throughout the community.

**State Trust Land** – Several sections of State Trust Land are located within or adjacent to the City limits. The State Land Department is required to maximize the benefit to public schools through the sale or exchange of these sections and has not been open in the past to other criteria. Because of the amount of land that could become available, it is recommended that the City:

- Advocate that as a condition of the sale or exchange, a percentage of the State Trust Land be used to provide workforce housing;
- Advocate that State Trust Land that is sold or exchanged for residential use include a restriction that a high percentage of the housing be owner/occupied;
- Require residential developments on newly acquired State Trust Land within the City to include workforce housing.

**Forest Service Land** – There are several parcels of U.S. Forest Service (USFS) land within or adjacent to the City that are heavily impacted by the urban interface. It is recommended that the City be involved in the upcoming planning effort for the Coconino National Forest to:

- Identify USFS sites that would be appropriate for residential development, including workforce housing;
- Secure community input concerning appropriate parcels;
- Identify ways that USFS sites may be obtained.

**Annexation** – Public and private lands adjacent to the City limits may be better utilized for denser development than allowed under County zoning designations. It is recommended that:

- Potential annexation areas be identified.

### **Standards and Engineering**

Discussions during the subcommittee process revealed that there was a great deal of crossover between the Standards and Engineering Subcommittees. The two agreed to merge and developed one comprehensive set of recommendations. In evaluating the subcommittee's recommendations, two things became clear:

- While each item individually would make a difference, it is the bundling of them that would achieve the greatest impact;
- Since the most significant cost of any project was in the land, initiatives to bring down costs in other areas would have less impact than those aimed at increasing land availability for development and density in order to more efficiently use the land, thereby increasing the supply of housing options.

Perhaps one of the most important recommendations is for a **comprehensive revision of the Land Development Code** to address specific barriers and enable opportunities which will put an emphasis on housing affordability.

- While the Task Force recognizes that this project will likely take more than the two-year time frame for most recommendations, we believe it is fundamental to the success of housing affordability and work must begin immediately.

Similarly, **expansion and improvement of infrastructure to facilitate infill projects and new development** is a high priority.

- A potential component of this would be a “buy-in” method for developers.

While it is understood that ultimately methods and measurements for **resource protection** will be addressed in the LDC revision, there are a number of things that could be done now which would not have a significant impact on resource protection performance, but would free up more land within a project for development. Those include:

- Overlapping resource protection areas so that floodplain, steep slopes and trees could occupy the same space and be counted as preservation under each category;
- When utilities cannot be placed in roadways and for detention areas, impacted resources would not be counted as “disturbed resources” subject to resource protection measures.

Another recommendation would allow for more **efficient layout of lots** in single family and duplex residential developments.

- In lieu of providing side yards for property lines and rear yards for rear property lines, the required side yard may be applied to both, as long as a minimum amount of open yard area is provided on the property and meet criteria regarding location and minimum contiguous area.

The Task Force also recommends that the **threshold for requiring detention facilities be raised**, allowing drainage to a public way in these instances:

- Although the group discussed some specific numbers, they felt that research and staff expertise was needed to determine what the new threshold might be;
- This would be done to allow smaller projects to maximize use of the property without having to set aside a large portion of it for detention.

A number of recommendations dealt with **parking and driveway standards**:

- One very simple change will allow tandem parking;
- Reduce the requirements for parking units in multi-family buildings;
- Use driveways in lieu of streets in smaller projects, subject to Fire Department and Waste Management requirements;
- Tied in with this last item, suggestions are made regarding the necessary standards for driveways which will utilize less land resources, while still meeting access needs.

Another section of recommendations deals with **basic zoning in multi-family and mixed-use developments**:

- In multi-family developments, it is proposed that minimum lot sizes be reduced, calling for minimum lot dimensions;
- Allowed density be increased by use of a different calculation method;
- Maximum lot coverage be increased;

- Setbacks be reduced to accommodate the smaller lot size and the additional lot coverage allowance;
- Building height increased to allow additional floors;
- In order to quickly facilitate mixed-use development, allow any type of residential development as a “permitted use” in as many zones as possible, excluding zones that would allow industrial and heavy automotive uses.

Recommendations were also made in the area of **setbacks**:

- Reduce setbacks with rear and side lot lines for detached garages in single family and duplex residential developments;
- Setbacks for accessory dwelling units over detached garages should have some minimum setback requirement.

Additionally, on the topic of **accessory dwelling units** (commonly referred to as “granny flats”), the Task Force recommends that the familial requirement for residency in accessory dwelling units be eliminated and that they be allowed on all lots over a certain size, with some exceptions in existing single-family neighborhoods.

There were also a few proposals of a more general nature:

- Staff should encourage subdivision developers to locate and install **curb-cuts** as part of their initial planning and construction. This is viewed as a meaningful cost saving measure where feasible;
- A process needs to be developed where the Planning Director (or appropriate staff person) can make a finding of “**substantial conformance**” and allow projects with minor changes to proceed through the permit process without being directed back to the approving body, such as Council or Planning & Zoning. Such changes might include minor site zoning re-organizations for mixed use developments, minor changes in project areas, and similar changes that do not materially change the project;
- **Guidelines concerning the affordable component of subdivisions** built by the private sector in exchange for incentives need to be developed which include building of affordable components up front or with each phase, exterior appearance, targeted buyer, permanent affordability, etc.;
- The City is to continue to **research other jurisdictions** to evaluate policies, procedures, and best practices;
- The City should also evaluate the **expansion of the urban growth boundary to accommodate growth needs.**

### **Bonding and Financing**

The Task Force recognizes that funding sources to create workforce housing are limited. Federal, State and City budgets are strained and funding sources currently available may change yearly. Adapting strategies to continue funding workforce housing programs, projects and developments is of critical importance. Recommendations in this section are intended to identify the supply needs for workforce housing in our community and outline sectors of the community that can provide funding.

**Workforce Housing Action Plan**-The City, Federal/State agencies, non-profits and private entities have a wealth of knowledge and statistical data regarding the housing demands/needs of the Flagstaff workforce. The Task Force recommends funding a comprehensive needs assessment specific to Flagstaff's housing market. Goals and benefits of this study would be as follows:

- Identify a level of community sustainability for rental and ownership housing;
- Quantify housing capacity needed to solve workforce housing shortages;
- Be used as a guide and community education tool for residents to understand workforce housing;
- Address short term and long term social and economic benefit to support housing sustainability;
- Quantify necessary units and timelines relevant to bonding for workforce housing.

**Maximize Government Funding**-Current public funding sources and resources available in the future will change. Government must adapt to these changes quickly to lessen the gap between the workforce income and housing costs.

- **Acquire significant bonding capacity to fund land purchases and development of more workforce housing;**
- Partner with private sector and non-profits to leverage funding resources;
- Continue support of Federal tax credits for rental housing in Flagstaff;
- Support continued funding of AZ State Home Fund (down payment and other assistance);
- Promote the greatest leverage for CDBG funding;
- Increase Mortgage Revenue Bond programs;
- Pursue IDA mortgage and bond funding;
- Partner city programs with Fannie Mae programs;
- Reinvest money from land equities and housing program income to produce more housing;
- Pursue all new financing and funding sources to promote workforce housing stock;
- Create Capital Improvements Districts with a recapture agreement to stimulate housing production.

**Private Employers and Major Community Employers** - Public and private sector employers will be negatively impacted by the lack of workforce housing. The following topics to promote employer participation can have direct benefit to employee retention, recruitment and community goodwill:

- Educate employers as to the benefits of community sustainability;
- Employee homebuyer savings plans;
- Equity sharing programs;
- Homebuyer down payment and closing cost assistance;
- City/non-profits and private sector to promote housing counseling workshops to employers;



- Homebuyer counseling programs;
- Develop employee housing-mixed use development;
- Land Trust participation.

**City Charter Amendment** -The Task Force recommends amending the City Charter to increase the spending limits related to financing development of workforce housing.

## **APPENDIX**

- A. Enabling Resolution
- B. Task Force Members and Participants
- C. Evaluation Matrix
- D. LDC and Engineering Subcommittee Final Recommendations